GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:5304
ANSWERED ON:28.04.2003
PERFORMANCE OF STEEL PLANTS
SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of STEEL be pleased to state:

(a) the performance of each steel plant during the last three years;

(b) the steel plants which are running at losses;

(c) the reasons for the losses; and

(d) the steps taken to improve the performance of each steel plant during the last three years?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a) The financial performance of public sector steel plants during the last three years is as under:

(Rs. in crores)

Plant	Net Profit(+)/Loss(-) during 2000-01	2001-02	2002-03#
Bhilai Steel Plant	+342	+477	+360
Durgapur Steel Plant	-236	-262	-200
Rourkela Steel Plant	-445	-1036	-523
Bokaro Steel Plant	+49	-459	+117
Alloy Steel Plant	-184	-149	-114
Salem Steel Plant	-155	-153	-91
Visvesvaraya Steel Plant	-68	-103	-77
Indian Iron & Steel Company	-187	-180	-121
Visakhapatnam Steel Plant	-291	-75	+337

Provisional upto Dec.,02

(b) Durgapur Steel Plant, Rourkela Steel Plant, Alloy Steel Plant, Salem Steel Plant, Visvesvaraya Steel Plant and Indian Iron & Steel Company have incurred losses during the year 2002-2003, according to provisional data available up to December, 2002.

(c) Main reasons for incurring losses by steel plants are as under:

- General slow down in the economy resulting in stagnation in steel consumption.
- Declining trend in international prices of steel mainly due to global recession.
- Protective measures adopted by foreign governments to safeguard the interest of their domestic steel industry.
- Increase in flat product capacity in the country due to entry of many new steel producers in this segment.
- Higher interest and depreciation cost on modernisation of capital schemes.
- Higher input cost, manpower cost and social costs.
- Locational disadvantage in terms of freight as well as other logistics as compared to competitors.

(d) Some of the steps taken to improve the profitability of steel plants are as under:

- Business restructuring including, inter alia, divestment of non-core assets.

- Intensive cost control.
- Control on capital expenditure.
- Market oriented product-mix, reinforcing sales and marketing efforts, greater focus on customer satisfaction etc.
- Rightsizing Manpower.
- Prudent Fund Management.
- Increase in production level.